

Financial BUSINESS WORLD Commercial

YEAR'S BUILDING INDICATES THAT HONOLULU GAINS 5500 RESIDENTS

Cottages and Bungalows Lead But Business Houses Mount to Good Sized Figure

(By H. L. KERR, Architect)

It is very gratifying to be able to state that considering the increase of the cost of building materials, and the difficulties encountered in obtaining the same, due to transportation troubles, the building business for the year 1916 has been most prosperous, there being an increase of about 55 per cent over that of 1915 and exceeding that of any year previous.

According to permits granted and the estimates of their value, the increase of 1916 over that of 1915 is \$884,688.47.

It is pleasing to notice that so much of this money has been spent upon bungalows and residences; homes being the great asset to the prosperity of a city, and also showing a healthy increase to its population.

According to permits granted for the last year there were 183 cottages ranging from \$100 to \$500 (for servants' quarters generally).

Residences Lead List

Cottages from \$500 to \$1000 numbered 331 according to permits. For bungalows between \$1000 and \$5000 there were 283 permits granted. While there were only 15 permits for residences costing over \$5000, the range was much greater, the largest being for \$70,000, thus making a total of 812 permits for residence buildings. If we allow three persons for each building (which is a fair average) the increased accommodation for the year for residence population alone would equal 2436 persons.

Other New Structures

Garage and auto stand buildings equal 4. Garage and servants' quarters together are 120. Stores and dwellings of \$1000 and upwards number 35, the largest of which is estimated at \$50,000. The living rooms in these buildings would accommodate 250 persons.

Apartment buildings number 2 with about 80 rooms. For additions, alterations and repairs, 322 permits were granted, the greater number being for hotels and rooming houses, accommodating an additional 1200 people.

For shops and warehouses there were 35 permits. Churches number 6, school buildings 11, theater and moving picture houses equal 4 permits. Club houses number 5, and for tea

houses 1 permit was granted. Among the buildings involving the greater expenditure was that of the O. M. & L. Co. on King, with a cost of \$500,000. That of the Alexander Young Building Co. on Hotel, costing \$300,000. The Hawaiian Sugar Planters' Association building, \$30,500. The Hoffschlaeger Co. building, \$48,000. The additions to the Moana hotel, \$150,000. The Inez Asylum, \$22,900. The Children's hospital, \$24,987. The Salvation Army's home, \$24,944. The private swimming tank, \$10,000. Building permits issued 1471. With fees 1471. Without fees 200. Estimated cost on permits issued with fees, \$2,335,435.03. Estimated cost on permits issued without fees, \$17,661. Total, \$2,353,096.03.

There were 188 more permits issued in 1916 than 1915 with an increased amount in value of \$884,688.47.

Estimates 5500 More People

The increased population when all buildings are completed upon which permits are issued will be about 5500 persons over 1915.

Thus 1916 was the banner year for building, and by every indication we are firmly convinced that 1917 will materially surpass that of 1916 in value, therefore with this showing and these bright prospects in view we feel that all loyal Honoluluans, including myself, are very grateful and happy.

BUSINESS NOTES

Paving of Beach Walk is next to begin. Concrete is now laid on Lualaba.

There are rumors that the proposed new building on Bishop park will soon be undertaken.

R. H. Trent seriously suggests a tent city to accommodate the great influx of winter visitors.

Brewer & Company has increased its dividend from 1-1/2 per cent a month to 2 per cent a month.

Report has it that Engels Copper stock is to be listed in New York and that Gotham brokers are ready to market this stock at \$10 a share. Two representatives of Honolulu's business world will, it is said, soon leave for the mainland to complete arrangements.

Hawaiian Trust Company, Ltd.

STATEMENT OF RESOURCES AND LIABILITIES AT DATE DEC. 30, 1916

ASSETS.		LIABILITIES.	
Cash		Clients' Credit Balance	\$328,068.85
On Hand	\$13,197.03	Employees' Benefit Fund	12,217.00
In Banks	283,601.58	All Other Liabilities	928.33
	\$296,798.66		
Secured Loans and Clients' Debt Balance		Capital Stock	\$200,000.00
	\$13,631.17	Surplus	100,000.00
Bonds	\$1,203.91	Undivided Profits	167,964.66
Stocks in Other Corporations	69,588.53		
Real Estate, Furniture and Fixtures	30,775.74		467,964.66
Employees' Benefit Fund Investment Account	12,217.00		
All Other Assets	4,963.83		
	\$809,178.84		\$809,178.84

Territory of Hawaii,) ss.
City and County of Honolulu.)
I, H. H. WALKER, Assistant Treasurer of the Hawaiian Trust Company, Limited, do solemnly swear that the above statement is true to the best of my knowledge and belief.
H. H. WALKER.
Subscribed and sworn to before me this 5th day of January, A. D. 1917.
J. E. O'CONNOR,
Notary Public, First Judicial Circuit, Territory of Hawaii.
6676-Jan. 6, 9, 13, 18, 20.

Henry Waterhouse Trust Co., Limited

STATEMENT OF CONDITION, DECEMBER 30, 1916.

ASSETS.		LIABILITIES.	
Cash on hand and in bank	\$121,463.58	Capital and undivided profits	\$200,000.00
Bonds	28,512.50	Trust and agency accounts	982,579.09
Stocks and other investments	117,161.94	Dividends unpaid	4,320.00
Real estate	77,303.64		
Mortgages secured by real estate	185,887.27		
Loans, demand and time	748,548.94		
Furniture and fixtures	5,000.00		
Accrued interest receivable	1,384.99		
	\$1,289,662.86		\$1,289,662.86

Territory of Hawaii,) ss.
City and County of Honolulu.)
I, A. N. CAMPBELL, Treasurer of the HENRY WATERHOUSE TRUST CO., LTD., do solemnly swear that the above statement is true to the best of my knowledge and belief.
A. N. CAMPBELL.
Subscribed and sworn to before me this 9th day of January, A. D. 1917.
JNO. GUILD,
Notary Public, First Judicial Circuit, Territory of Hawaii.
6679-Jan. 10, 13, 17, 20, 24, 27, Feb. 3.

SUGAR COMPANIES DISTRIBUTE MILLIONS IN CASH DIVIDENDS TO STOCKHOLDERS

	January	February	March	April	May	June	July	August	September	October	November	December	Total	Per Share	Total Dividend
Alexander & Baldwin	1	2	1	2	1	1	1	3	1	1	5	20	69	\$20.00	\$1,000,000
C. Brewer & Co.	15	15	4	15	15	6.5	15	5	5	5	5	45	98	45.00	1,350,000
Ewa Plantation Co.	1	1	3	1	3	2	2	2	2	2	2	2	26	15.7	1,200,000
Hawaiian Agricultural Co.	15	15	6.5	15	15	6.5	15	5	5	5	5	45	98	45.00	1,350,000
Hawaiian Sugar Co.	1	1	3	1	3	2	2	2	2	2	2	2	26	15.7	1,200,000
Honolulu Sugar Co.	15	15	4	15	15	6.5	15	5	5	5	5	45	98	45.00	1,350,000
Hutchinson Sugar Co.	15	15	4	15	15	6.5	15	5	5	5	5	45	98	45.00	1,350,000
Kahuku Sugar Co.	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
Kekaha Sugar Co.	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Koloa Sugar Co.	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
McBryde Sugar Co.	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Oahu Sugar Co.	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Olaa Sugar Co.	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Onomea Sugar Co.	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
Panauhau Sugar Co.	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Paia Sugar Co.	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Peepee Sugar Co.	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Pioneer Mill	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
Pacific Sugar Mill	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Haiku Sugar Co.	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Wailua Agricultural Co.	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Wailuku Sugar Co.	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1

Prosperity of the sugar industry is clearly reflected in the foregoing table, which shows the earnings of 21 sugar companies and two mercantile companies, the stock of which is listed on the Honolulu Stock and Bond Exchange. The table shows the cash dividends which each of these companies has paid each month, the total rate for the entire year on the par value of the shares, the rate as compared with the present market value, what each has paid in dollars on each share and the amount which each company has disbursed during 1916 in cash dividends. Stock dividends are not included in this table. Were this done the benefits derived by share holders in Hawaii sugar companies would be seen to be still greater.

The 23 companies included in the foregoing table disbursed in cash during 1916 \$19,259,600. The largest disbursement is that of Hawaiian Sugar, \$3,000,000, and the smallest Pacific Mill, \$51,000. Eight companies paid dividends of \$1,000,000 or over during the year.

Based on par value of shares the average earnings of these 23 companies were 23.3 per cent on the capital invested. The largest earnings in proportion to capital is Onomea 55 per cent, next comes Peepee 50, while the smallest is Olaa 5 per cent, though this company paid no dividends until July.

It is a comparison of dividends paid and market values of shares that is of especial interest to the investor showing the earnings upon an investment at today's prices in each particular stock. Based on such market value the average earnings of the 23 companies is 12.87 per cent. No quotation on Peepee is obtainable from present stock sheets, but excluding that stock Onomea is the best payer on the investment today, having paid during the year, on present market value, 19.3 per cent. Next comes Kekaha 18.6, and third is Hawaiian Sugar 17.5. Olaa and Pacific Mill give the smallest returns, each having paid 6.8 per cent on present market prices.

Based on earnings and on dividends paid during 1916 it would appear that a large majority of the stocks in the list are selling low and such would certainly be the case were it certain that the conditions and commodity prices would remain as they were during the greatest portion of last year for a long period of years to come. It is the uncertainty of sugar prices, the uncertainty of the length of the war's duration and of what will happen when the war ends that has held prices back to the present level and prevented a runaway bull market that would carry quotations from 25 to 50 per cent and in some instances double what they are today.

The sugar industry has its lean years. When fat years come, therefore, the investor in such securities is entitled to and should expect a larger return upon his investment than does the investor in railway or kindred shares where earnings may be more definitely determined and where they are less apt to vary to an important extent.

EXPERIMENTERS TO SEEK TO HELP COFFEE RAISERS

Because of the recent report from Washington that congress may decide to place an import duty on coffee which, if it occurs, will greatly boost the local coffee industry, the U. S. experiment station, according to J. M. Westgate, director, has turned its attention to coffee growing. The station has begun experiments with seedlings and has also introduced several new varieties from India. It is the intention of the station to carry the work beyond the experimental stage in order that if a duty is ever placed on coffee it will be ready to aid the growers on Hawaii with expert advice from the start. By raising seedlings and importing new varieties it will be possible to find the variety best suited to the conditions and climate of Hawaii.

When the coffee industry was first started on Hawaii the results were far from satisfactory. Nearly all the plants died, due, it is now believed, to the importation of a variety not suited to local conditions. Some years ago the industry was revived and now, according to Westgate, is doing nicely, although economically the planters are only breaking about even. As a result every cent of duty placed on coffee will mean to the planters that much profit. With the present start made by the coffee plantations and the help which the station will be able soon to give through advice and improved strains, the industry stands in a fair way to prosper if proper protection is given it by the government.

HERD OF BLOODED CATTLE IS BOUGHT FOR HAWAII

Purchase of blooded cattle by Robert Hind of the Punahoa cattle ranch is told in the Seattle Times of January 3, although the terms find a resident of Honolulu instead of Hawaii. The Times said: "That 20 of the finest young cattle of the herd of registered Holsteins maintained by the Carnation Stock Farms, near Tolt, have been purchased by Robert Hind of Honolulu and shipped to one of his Hawaiian plantations, was the announcement made by the management of the Carnation farms today. Hind is a wealthy sugar and fruit grower and large land owner. "The King county Holsteins will form the nucleus of the first registered dairy herds of that breed in the islands. Hind bought the cattle on his own account and for friends and business associates, paying about \$8000 for the lot. The selections were made from a registered herd of nearly 400 cattle. "Among the cattle purchased was Clothilde Homestead Ollie Second, winner of the first prize as junior

SOLVES INCOME TAX PROBLEMS

The Star-Bulletin's announcement on last Saturday's business page that a series of questions and answers on the Federal Income Tax will be run for several weeks has already developed considerable comment. As stated, questions addressed to "Business Editor, Star-Bulletin," regarding the income tax will be referred by this paper to internal revenue officers for answer. Questions should be sent as early in the week as possible and will receive prompt attention, the answers being printed in the Saturday issue.

Stock which I purchased this year was sold at a profit which if figured as income would boost my gross income over the \$3000 mark. This stock paid no dividends and I consider its enhancement in value simply as additional principal for which no return should be rendered. Am I correct in the latter belief?—Divorced "War-Bride."

With stocks sold at profit the difference between the buying and selling price is income and should be included in your income tax return. If the stock was purchased after March 1, 1913, the entire income (profit) will be determined by the difference between the fair market price or value on March 1, 1913, and the selling price.

If I pay a salary in excess of \$3000 and less than \$4000, and my employee is married does not that relieve me of the requirements of the income tax law—the withholding provisions?—Employer.

No. The law provides that persons, firms, etc., paying salary, rent, interest or other fixed annual gains or earnings in excess of \$3000 must withhold one per cent on the entire amount. Whether single or married the employee may make claim of exemption for \$3000 or \$4000 as the case may be, on the form furnished by the revenue office. Such exemptions must be made 30 days prior to March 1, each year, or the employee waives his right to make claims.

FEWER BUILDING PERMITS

Building permits issued during the past week only numbered 13 while the estimated cost of the new buildings is \$26,099, or an average of \$2000 a permit. Of the 13 permits six were for the erection of new dwellings, one for a moving picture theater and the other six for alterations and additions to present structures.

At the dairy show of the Panama-Pacific Exposition in San Francisco 1915. Two young animals Hind purchased are descendants of the noted King Segia. "The cattle were shipped by rail to San Francisco and there placed aboard a steamship for the islands."

COPPER VALUES IN 1916 DOUBLE PREVIOUS YEAR

WASHINGTON, D. C.—Three billion dollars is the value put upon the 1916 output of American mines in estimates made to Secretary Lane by the geological survey. The enormous production was accompanied by the greatest profits the mining industry of the country ever has known, copper alone netting about \$300,000,000.

Production, it is estimated, has run at least 25 per cent ahead of 1915. The copper output was the sensation of the year in the mining world. At an average price of 27 cents a pound, the 1916 production had a value of \$200,000,000 compared with \$243,000,000 the year before. The profits were the greatest ever known in the metal. Prices averaged slightly more than 27 cents as against about 17 cents in 1915.

Arizona Leads Copper. Arizona led the states in copper production, mining 675,000,000 pounds against 432,000,000 pounds the year before. Montana came second with 350,000,000 pounds, and Michigan was third with 269,000,000; Alaska mined 120,000,000 pounds, which was almost twice the 1915 production. Tennessee alone failed to increase its yield.

Iron contends with copper for first place among the metals produced. Shipments of iron ore amounted to \$178,000,000, an increase of \$77,000,000 over 1915. The country's mines produced 75,500,000 gross tons, against 55,000,000 the year before. Production of pig iron during the year made a record with 39,000,000 tons, against 30,000,000 tons in 1915. Iron ore, in stock at the mines is put at 10,000,000 tons, a falling off of 3,000,000 tons since last year.

Ripley & Davis has finished plans for the Susannah Wesley Home for Girls to be erected in Manoa Valley. The cost is to be \$25,000.

Strain of trying to provide a living for herself and 7-year-old son, while her husband is on the Mexican border with the 69th Regiment, New York, caused a woman to faint in the regiment's armory while awaiting relief.

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RULINGS OF COMMISSIONER UPON CAPITAL STOCK TAX ARE ISSUED

Of interest to all corporations are the rulings issued by the treasury department in regard to the Capital Stock Act of September 8, 1916. These are rulings made by the commissioner, it was issued December 30 and is as follows:

1. The following instructions have been made regarding the method of estimating the fair value of stock under Case III, Item 6, on Form 707.

(a) Where the capital stock of a corporation is worth \$100 per share, par value, and the corporation reports 1000 shares, having a total value of \$100,000, and also reports a surplus of \$50,000, and undivided profits of \$50,000, the book value of such stock would be \$150,000. This should be taken as the basis of the approximate value of the stock per share (\$150) unless by reason of earning capacity the real value is in excess of the book value, or unless for any reason the book value is fictitious and is shown by over-estimating the value of assets.

(b) If the "average profits per share earned during the preceding five years" indicate an "estimated earning capacity" in excess of the book value, the fair value of the capital stock may be based upon a reasonable return on capital invested, dependent upon the hazards of the business and what prices the stock of corporations engaged in a similar character of business brings in the open market.

(c) If the book value is fictitious and is shown by over-estimating the capital assets, this fact should be fully explained, either on the return or on a statement attached thereto, and may be given allowance in determining the fair value of stock where the "average profits per share earned during preceding five years" and "earning capacity" are exceedingly low.

(d) The "average dividends per share paid during preceding five years" are stated merely for the information of this office in case where a corporation shows an earning capacity but states no surplus or undivided profits.

(e) One return submitted by a lumber company for examination showed a surplus of \$257,700, but stated that it was not "earned." In view of the fact that the total profits of this company for the last four years of operation only amounted to \$22,709.19, and it had paid no dividends within the last five years, and its earning capacity was practically nothing, the corporation was advised to file a statement, explaining how the surplus was acquired, and if it was real or fictitious owing to the inflated valuation of assets on the books. The fair value of the stock of this company, which was estimated on the return as par, \$100 per share, would largely depend upon the value of its assets, especially the surplus of \$257,700, and the undivided profits of \$22,709.19, were divided up at the present time, would the corporation pay \$162 per share to each of the stockholders, that being approximately the book value.

(f) A return filed by a cotton yarn manufacturing corporation showing average profits for the last five years of \$15,949.45 on capital stock of \$200,000, stated an estimated value under Case III of \$70 per share. An industrial corporation of this character stating the fair value of its stock at \$70 upon a return showing an earning capacity of from seven to eight per cent, is considered fair, in view of the speculative character of the business.

(g) The collectors may make notations at the foot of special lists, Form 23C, of any exceptional case in which specific rulings of the department are desired, and if it is necessary for this office to make an examination of the return, statements, or affidavits of officers of the corporation, the collectors will be asked to forward them for that purpose.

(h) Where a holding company holds all the stock of several subsidiary corporations which is not listed on any exchange or which has not been sold in the last fiscal year, it has been held that the fair value of the stock of such subsidiary companies may be estimated from the market value of the total capital stock of the holding company (the parent corporation) by apportionment of the fair value of the total capital stock of the holding corporations among the subsidiary companies. This does not, of course, relieve the holding company from its liability to the special excise tax, the average fair value of the stock of which can probably be computed under Case I or II.

2. Corporations estimating the fair value of their stock under Case II, Item 6, on Form 707, will comply strictly with the provisions in the regulations by taking "the average price at which sales were made during the preceding fiscal year" and not the average selling price per share. Thus, if 10 shares were sold at \$100 and 1000 shares were sold at \$70, the "average price at which sales were made" would be \$85. The average selling price in such a case would be \$70.29, but this price will not be accepted as an average fair value. Corporations protesting against the computation of the value of stock on this basis may file a statement with the return on form 707 setting forth the facts in detail and requesting the collector to bring the case to the attention of this office by a notation on the special list, Form 23C, when it is forwarded to the department for auditing.

3. From the correspondence reaching this office there seems to be a general lack of understanding of the character and scope of the special excise tax imposed upon corporations by this act.

This tax is an excise tax on the privilege of doing business similar to occupational taxes imposed on individuals, except that instead of a flat tax the amount of tax is measured by the average value of the stock during the preceding year. Being a privilege or occupational tax, it is payable in advance for a period from the time of the act going into effect to the end of the fiscal year and annually thereafter in July, the beginning of the government's fiscal year. The tax is payable to the collector at any time after January 1, 1917, but penalties for non-payment do not attach until 10 days after notice and demand therefor has been served by the collector upon the taxpayer.

It is a condition precedent that the corporation to be liable must have been engaged in business during the preceding taxable (fiscal) year. This means, however, not that it must have been engaged in business during the entire year, but at some time in the year, and the length of time has no bearing upon the amount of tax due. That is found by ascertaining the actual average market value of the stock from known sales, or estimating such value for the preceding taxable year, which, in the case of the return due in January, 1917, is the government's fiscal year, from July 1, 1915, to June 30, 1916.

COMMITTEE TAKES CHARGE OF SUGAR

(Commercial Attaché C. W. A. Veditz, Paris, Nov. 6 and 13.)

The French minister of commerce has issued an ordinance providing for the appointment of committees entrusted with the distribution of sugar throughout France. Provision is made for a central committee and for committees in each department. The departmental committees consist of representatives of the municipalities, of local chambers of commerce, of tax officials, of transportation companies, and of cooperative societies of consumers. The sugar commission that has been in existence since August, 1916, will become a central committee to examine and adjust complaints against the local committees and differences between those committees.

The minister of commerce, in a circular of instructions to the local authorities advising them of the new system of government regulation of the sugar trade, reviews the measures previously adopted to overcome the shortage of sugar, such as state purchases of foreign sugar, and the allotment of quantities by the syndicate (quasi-official manufacturers' associations) of industries using sugar. Under these measures 44,000 tons of white and brown sugar were distributed monthly during the last campaign. This year it is considered necessary to control the distribution not only of foreign sugar, but also of domestic and colonial